
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0922.1/06

ATTY/TYPIST: LL:rmh

BRIEF DESCRIPTION: Addressing the portability of law enforcement officers' and fire fighters' retirement system plan 2 benefits.

AN ACT Relating to the portability of law enforcement officers' and fire fighters' retirement system plan 2 benefits; amending RCW 41.54.010, 41.54.030, and 41.54.070; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

1. **Sec.** RCW 41.54.010 and 2004 c 242 s 58 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Base salary" means salaries or wages earned by a member of a system during a payroll period for personal services and includes wages and salaries deferred under provisions of the United States internal revenue code, but shall exclude overtime payments unless one of the dual member's systems is the law enforcement officers' and fire fighters' retirement system plan 2 and overtime is included in the definition of salary for each of the dual member's systems, nonmoney maintenance compensation, and lump sum payments for deferred annual sick leave, unused accumulated vacation, unused accumulated annual leave, any form of severance pay, any bonus for voluntary retirement, any other form of leave, or any similar lump sum payment.

(2) "Department" means the department of retirement systems.

(3) "Director" means the director of the department of retirement systems.

(4) "Dual member" means a person who (a) is or becomes a member of a system on or after July 1, 1988, (b) has been a member of one or more other systems, and (c) has never been retired for service from a retirement system and is not receiving a disability retirement or disability leave benefit from any retirement system listed in RCW 41.50.030 or subsection (6) of this section.

(5) "Service" means the same as it may be defined in each respective system. For the purposes of RCW 41.54.030, military service granted under RCW 41.40.170(3) or 43.43.260 may only be based on service accrued under chapter 41.40 or 43.43 RCW, respectively.

(6) "System" means the retirement systems established under chapters 41.32, 41.40, 41.44, 41.35, 41.37, and 43.43 RCW; plan 2 of the system established under chapter 41.26 RCW; and the city employee retirement systems for Seattle, Tacoma, and Spokane.

1. **Sec.** RCW 41.54.030 and 2003 c 294 s 13 are each amended to read as follows:

(1) A dual member may combine service in all systems for the purpose of:

(a) Determining the member's eligibility to receive a service retirement allowance; and

(b) Qualifying for a benefit under RCW 41.26.530(2), 41.32.840(2), 41.35.620, or 41.40.790.

(2) A dual member who is eligible to retire under any system may elect to retire from all the member's systems and to receive service retirement allowances calculated as provided in this section. Each system shall calculate the allowance using its own criteria except that the member shall be allowed to substitute the member's base salary from any system as the compensation used in calculating the allowance.

(3) The service retirement allowances from a system which, but for this section, would not be allowed to be paid at this date based on the dual member's age may be received immediately or deferred to a later date. The allowances shall be actuarially adjusted from the earliest age upon which the combined service would have made such dual member eligible in that system.

(4) The service retirement eligibility requirements of RCW 41.40.180 shall apply to any dual member whose prior system is plan 1 of the public employees' retirement system established under chapter 41.40 RCW.

2. **Sec.** RCW 41.54.070 and 1996 c 55 s 6 are each amended to read as follows:

(1) The benefit granted by this chapter shall not result in a total benefit less than would have been received absent such benefit. The total sum of the retirement allowances received under this chapter shall not exceed the largest amount the dual member would receive if all the service had been rendered in any one system as provided in subsection (2) of this section. When calculating the maximum benefit a dual member would receive: ~~((1))~~ (a) Military service granted under RCW 41.40.170(3) or 43.43.260 shall be based only on service accrued under chapter 41.40 or 43.43 RCW, respectively; and ~~((2))~~ (b) the calculation shall be made assuming that the dual member did not defer any allowances pursuant to RCW 41.54.030(3). When a dual member's combined retirement allowances would exceed the limitation imposed by this section, the allowances shall be reduced by the systems on a proportional basis, according to service.

(2) The limit of sixty percent of average final compensation in RCW 41.32.498(2) and 41.40.185(3) shall not apply to dual members provided that: (a) One of the dual member's systems is the law enforcement officers' and fire fighters' retirement system plan 2; and (b) the dual member has less than fifteen years of service in the public employees' retirement system plan 1 or the teachers' retirement system plan 1.

3. NEW SECTION. **Sec.** This act takes effect July 1, 2006.